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66170	7590	11/07/2007	EXAMINER	
AMERICAN EXPRESS TRAVEL RELATED SERVICES CO., INC.				RUHL, DENNIS WILLIAM
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400 E. VAN BUREN STREET				3629
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

HSOBELMAN@SWLAW.COM
DMIER@SWLAW.COM
JESLICK@SWLAW.COM

Office Action Summary	Application No.	Applicant(s)	
	09/834,478	CHIEN ET AL.	
	Examiner	Art Unit	
	Dennis Ruhl	3629	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 10 August 2007.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1 and 3-41 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1,3-41 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)	4) <input type="checkbox"/> Interview Summary (PTO-413)
2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)	Paper No(s)/Mail Date. _____
3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)	5) <input type="checkbox"/> Notice of Informal Patent Application
Paper No(s)/Mail Date _____	6) <input type="checkbox"/> Other: _____

1. Applicant's amendment of 8/10/07 has been entered. The examiner will address applicant's remarks at the end of this office action.

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

4. Claims 1,3-12,19,24-28,33,34,35,37, are rejected under 35 U.S.C. 103(a) as being unpatentable over Burton et al. (5025372) in view of Adams et al. (7025674).

For claim 33, Burton discloses a method and system for an incentive award program that awards point to participants, where the points can be converted to a monetary value that is then credited to a financial account of the participant. The participant is issued a credit card (the financial account), is authenticated (approved to

participate) and registered into a loyalty program where any earned loyalty points can be converted to a currency value and that value is then credited to the credit card account. See the Abstract. The claimed participant is the "participant" disclosed in Burton. The loyalty account that is stored on a loyalty database is the "Participant" account (see column 10 and column 14, lines 60-68) that is stored on the Incentive Company's computer system. The loyalty account for each participant includes information about how many award points have been earned. The amount of loyalty points are retrieved from the database (by loyalty system middleware) and are converted to a currency value by using a computer (the conversion processor), see column 13, lines 16-30. The resulting currency value is then credited to a financial account of the participant, which is the disclosed credit card account of the participant. The examiner notes that in columns 29-30, it is disclosed that the participant can request the withholding of earned points, so that the points are not converted to a currency value and credited to the credit card account until a point in time in which the participant requests such an action. The participant can elect to transfer the withheld loyalty points, converted to a currency value, to the credit card account by submitting a request at a later time. This is done to allow the participant to save points towards a future purchase and then when they want to make the purchase they can have the withheld points converted to a currency value and credited to their credit card account.

Burton does not disclose that the charge for the transaction is actually being offset by the conversion of the points to currency. Burton also does not disclose that

the conversion ratio depends on the merchant and one of the date, inventory data, participant status, or method of facilitating the transaction.

Concerning the offsetting of a previously executed transaction, the examiner notes that the awards points in Burton are converted to a monetary amount that is given to the customer to spend on an expected future purchase. They are awarding the customer with money. The background of the invention section in Burton also discloses that "*In some cases the points are converted to a direct cash payment to the participant at either the culmination of the period or the program.*". This teaches that it is known in the art to provide a cash payment to the participant. In both Burton and this other prior art technique, the purpose is the same, namely, to provide an incentive for the participant and to provide them with a monetary award. In Burton, as has been argued by applicant, the points are apparently credited to the financial account prior to the charge actually occurring. Applicant is claiming that instead of crediting the account prior to the purchase of the expected item, the credit is happening after the purchase of the expected item. This all comes down to the timing of when the crediting of the account step occurs. Applicant is claiming that it is novel to credit the account after the purchase is made instead of doing what Burton does, which is credit the account prior to the expected purchase. Both methods result in the same thing, which is the crediting of a financial account with the currency value, and both ways allow a participant to make a desired purchase. In view of the fact that Burton is providing the participant with a monetary award in the form of a currency value that is deposited to an account, in view of the fact that Burton discloses that points can be stored up and used to pay for a

specific item or purchase, and in view of the fact that it is known in the art to provide a monetary award in the form of a cash payment to the participant (that they can do whatever they want with, including paying a credit card bill), one of ordinary skill in the art at the time the invention was made would have found it obvious to apply the currency value credit to the financial account of the participant for the purpose of allowing them to offset a previous charge. This is simply allowing the participant to credit the currency value to any outstanding balance on their account (i.e. a previous charge). In the prior art you are giving a monetary award to the participant, this can be done by the method of Burton (credit before the actual purchase) or can be done by cash payment directly to the participant (cash can be used for anything, including paying a credit card bill). Both have the intent of giving the money to the participant so they can spend it. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow the currency value of Burton to be credited to the financial account to offset a previous charge, so that the participant can purchase the item they desire before using their points instead of having to wait to have the currency value credited first. One of ordinary skill in the art would have recognized or contemplated the fact that the currency value credit could also be made to the account of the participant, i.e. applying the credit to any outstanding balances. The small difference of applying the credit for an expected future charge versus applying the credit to offset a just executed charge is seen as obvious. The credit must go somewhere. One of ordinary skill in the art would have found it obvious to apply the credit to the account of the participant as applicant has claimed.

With respect to the conversion ratio being dependent on the merchant and the other recited data, this is not taught. Adams discloses a customer rewards system that awards points to customer. A conversion ratio is used to determine how much money the points are worth. In column 2, lines 11-28 it is disclosed that it is known to alter conversion ratios to encourage purchases at various shops or during various seasons (dates). It is known in the art to provide different conversion ratios as is being claimed, where the conversion ratio depends on the merchant (to encourage purchases at various shops), and a date (seasonal encouragement). It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow for varying conversion ratios depending on where the transaction is taking placed and dependent on the date of the transaction (seasonal time). When one decides to save their points up for a purchase at a particular store, there may be more points associated with that purchase at that particular store (the points are worth more at that store, such as earning double points) as well as more points for the time of the purchase (seasonal encouragement). The conversion of the points to currency does not occur without the confirmation from the customer themselves.

For claims 1,5,6,11,19,24,25,28,34, Burton discloses a method and system for an incentive award program that awards point to participants, where the points can be converted to a monetary value that is then credited to a financial account of the participant. The participant is issued a credit card (the financial account), is authenticated and entered into a loyalty program where any earned loyalty points can be converted to a currency value and that value is then credited to the credit card

account. See the Abstract. The claimed participant is the "participant" disclosed in Burton. The loyalty account that is stored on a loyalty database is the "Participant" account (see column 10 and column 14, lines 60-68) that is stored on the Incentive Company's computer system. The loyalty account for each participant includes information about how many award points have been earned. The amount of loyalty points are retrieved from the database (by loyalty system middleware) and are converted to a currency value by using a computer (the conversion processor), see column 13, lines 16-30. The resulting currency value is then credited to a financial account of the participant, which is the disclosed credit card account of the participant. The financial account information is stored on a second database system as claimed, which is the Bank computer system. Column 8 discloses the kinds of files that are maintained by the Bank, which includes the files relating to the financial credit card account of the participant. The examiner notes that in columns 29-30, it is disclosed that the participant can request the withholding of earned points, so that the points are not converted to a currency value and credited to the credit card account until a point in time in which the participant requests such an action. The participant can elect to transfer the withheld loyalty points, converted to a currency value, to the credit card account by submitting a request at a later time. This is done to allow the participant to save points towards a future purchase and then when they want to make the purchase they can have the withheld points converted to a currency value and credited to their credit card account. Column 29 discloses that "When a transfer request is received...the amount of the transfer and type of transfer is *entered into the CPU in block 753*".

Burton does not disclose that the charge for the transaction is actually being offset by the conversion of the points to currency. Burton also does not disclose that the conversion ratio depends on the merchant and one of the date, inventory data, participant status, or method of facilitating the transaction. Also not specifically disclosed is the step of "communicating with the participant" using a computerized user interface

Not specifically disclosed is the step of "communicating with the participant" using a computerized user interface. Because Burton discloses that a request is received from a participant to transfer earned points to the credit card account, one of ordinary skill in the art would clearly recognize that this request has to be received by some manner of communication. Burton is directed to a computerized system and the use of computers in managing a loyalty awards account. At the time of the filing of the instant application the use of the Internet and networked computers was in widespread use for electronic commerce. One of ordinary skill in the art at the time the invention was made would have found obvious and would have been motivated to provide the system of Burton with the ability to take a request from the participant by using a computerized interface that communicates data over a network (the Internet). One of ordinary skill in the art at the time the invention was made would have found it desirable to have the user employ a computer and use the Internet to submit a request for a transfer of withheld loyalty points. This is so that the transfer request data could be directly entered into the "CPU" as opposed to having an extra step of data entry after

the request is received (i.e. column 29, "When a transfer request is received...the amount of the transfer and type of transfer is *entered into the CPU* in block 753").

Concerning the offsetting of a previously executed transaction, the examiner notes that the awards points in Burton are converted to a monetary amount that is given to the customer to spend on an expected future purchase. They are awarding the customer with money. The background of the invention section in Burton also discloses that "*In some cases the points are converted to a direct cash payment to the participant at either the culmination of the period or the program.*". This teaches that it is known in the art to provide a cash payment to the participant. In both Burton and this other prior art technique, the purpose is the same, namely, to provide an incentive for the participant and to provide them with a monetary award. In Burton, as has been argued by applicant, the points are apparently credited to the financial account prior to the charge actually occurring. Applicant is claiming that instead of crediting the account prior to the purchase of the expected item, the credit is happening after the purchase of the expected item. This all comes down to the timing of when the crediting of the account step occurs. Applicant is claiming that it is novel to credit the account after the purchase is made instead of doing what Burton does, which is credit the account prior to the expected purchase. Both methods result in the same thing, which is the crediting of a financial account with the currency value, and both ways allow a participant to make a desired purchase. In view of the fact that Burton is providing the participant with a monetary award in the form of a currency value that is deposited to an account, in view of the fact that Burton discloses that points can be stored up and used to pay for a

specific item or purchase, and in view of the fact that it is known in the art to provide a monetary award in the form of a cash payment to the participant (that they can do whatever they want with, including paying a credit card bill), one of ordinary skill in the art at the time the invention was made would have found it obvious to apply the currency value credit to the financial account of the participant for the purpose of allowing them to offset a previous charge. This is simply allowing the participant to credit the currency value to any outstanding balance on their account (i.e. a previous charge). In the prior art you are giving a monetary award to the participant, this can be done by the method of Burton (credit before the actual purchase) or can be done by cash payment directly to the participant (cash can be used for anything, including paying a credit card bill). Both have the intent of giving the money to the participant so they can spend it. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow the currency value of Burton to be credited to the financial account to offset a previous charge, so that the participant can purchase the item they desire before using their points instead of having to wait to have the currency value credited first. One of ordinary skill in the art would have recognized or contemplated the fact that the currency value credit could also be made to the account of the participant, i.e. applying the credit to any outstanding balances. The small difference of applying the credit for an expected future charge versus applying the credit to offset a just executed charge is seen as obvious. The credit must go somewhere. One of ordinary skill in the art would have found it obvious to apply the credit to the account of the participant as applicant has claimed.

With respect to the conversion ratio being dependent on the merchant and the other recited data, this is not taught. Adams discloses a customer rewards system that awards points to customer. A conversion ratio is used to determine how much money the points are worth. In column 2, lines 11-28 it is disclosed that it is known to alter conversion ratios to encourage purchases at various shops or during various seasons (dates). It is known in the art to provide different conversion ratios as is being claimed, where the conversion ratio depends on the merchant (to encourage purchases at various shops), and a date (seasonal encouragement). It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow for varying conversion ratios depending on where the transaction is taking placed and dependent on the date of the transaction (seasonal time). When one decides to save their points up for a purchase at a particular store, there may be more points associated with that purchase at that particular store (the points are worth more at that store, such as earning double points) as well as more points for the time of the purchase (seasonal encouragement). The conversion of the points to currency does not occur without the confirmation from the customer themselves.

For claims 3,4,7,8, the claimed crediting of a currency value to a third party is interpreted to be the payment that is made to the account of a merchant that the participant has done business with. When the participant uses the issued credit card to conduct a transaction, funds are credited to the merchant account. This satisfies what is claimed. The examiner also interprets the scope of "a secondary transaction number" to be broad enough that this also reads on the crediting of a currency value to an

account of a merchant. A merchant account inherently has an account number, which is considered to be the claimed "secondary transaction number". When you credit the merchant account, you are crediting an account number.

Additionally, for claims 4,8, it is well known that people buy gifts for themselves and for others (birthday, Christmas, wedding, etc.) so when a user buys a product using the debit card, that product is considered a gift. The product can be a gift for someone else or themselves. Also, the term "gift" is just the intended use of the product and in the opinion of the examiner does not serve to further distinguish any product from other products. All products are capable of being considered gifts.

For claim 9, using the Internet satisfies the claimed use of a "wire-based network". The Internet involves the use of wires.

For claims 10,26, not disclosed specifically is a wireless network. It is old and well known to use a wireless network such as a satellite dish to transmit data, one of ordinary skill in the art would have this knowledge in their possession. It would have been obvious to one of ordinary skill in the art at the time the invention was made to use the invention of Burton with a wireless network where a satellite dish is used to transmit data so that the incentive program of Burton can be used in the wireless network. The network can be wired and/or wireless; the invention will perform the same regardless of which type of network is chosen.

For claim 12, the third party is the Incentive Company disclosed by Burton. They maintain the database of participant information regarding the loyalty program and earned points.

For claim 27, when one is connected to the Internet as the 103 rejection results in, this facilitates a transaction with a shopping network as claimed. The participant can log onto any website they desire to purchase a product.

For claim 35, not disclosed is that at least one of the steps is facilitated with a "wireless enabled communication device" (i.e. a cell phone). The examiner notes that in columns 29-30, it is disclosed that the participant can request the withholding of earned points, so that the points are not converted to a currency value and credited to the credit card account until a point in time in which the participant requests such an action. The participant can elect to transfer the withheld loyalty points, converted to a currency value, to the credit card account by submitting a request at a later time. This is done to allow the participant to save points towards a future purchase and then when they want to make the purchase they can have the withheld points converted to a currency value and credited to their credit card account. Column 29 discloses that "When a transfer request is received...the amount of the transfer and type of transfer is *entered into the CPU in block 753*". Because Burton discloses that a "request" is received from a participant to transfer earned points to the credit card account, one of ordinary skill in the art would clearly recognized that this request has to be received by some manner of communication, whether it be mail, phone, or verbal. It would have been obvious to one of ordinary skill in the art at the time the invention was made to use a cellular phone (a wireless communication device) to submit the request to transfer points to the credit card account, so that the participant can submit the request any time they want to and from wherever they are at that time by using their cell phone.

For claim 37, Burton discloses a method and system for an incentive award program that awards point to participants, where the points can be converted to a monetary value that is then credited to a financial account of the participant. The participant is issued a credit card (the financial account), is authenticated (approved to participate) and registered into a loyalty program where any earned loyalty points can be converted to a currency value and that value is then credited to the credit card account. See the Abstract. The claimed participant is the "participant" disclosed in Burton. The loyalty account that is stored on a loyalty database is the "Participant" account (see column 10 and column 14, lines 60-68) that is stored on the Incentive Company's computer system. The loyalty account for each participant includes information about how many award points have been earned. The amount of loyalty points are retrieved from the database (by loyalty system middleware) and are converted to a currency value by using a computer (the conversion processor), see column 13, lines 16-30. The resulting currency value is then credited to a financial account of the participant, which is the disclosed credit card account of the participant. The used points are deducted from the balance of points as claimed. The examiner notes that in columns 29-30, it is disclosed that the participant can request the withholding of earned points, so that the points are not converted to a currency value and credited to the credit card account until a point in time in which the participant requests such an action. The participant can elect to transfer the withheld loyalty points, converted to a currency value, to the credit card account by submitting a request at a later time. This is done to allow the participant to save points towards a future

purchase and then when they want to make the purchase they can have the withheld points converted to a currency value and credited to their credit card account. Not disclosed is the generating of a secondary transaction number and sending the number to the participant. With respect to this claimed limitation the examiner has a number of comments. The examiner notes that the claimed secondary number is generated, sent to the participant, and then nothing further happens. The secondary number is not claimed as being used in any manner by the participant and is not functionally related to the method steps as claimed. Because of the lack of a functional relationship to the rest of the claim, the language describing what the number represents and the language about a credit limit is considered to be non-functional descriptive material. The examiner has concluded that this language is satisfied by the generation of any number and sending that number to the participant, like a "transfer" number of some kind to identify the transaction that transferred points from a withheld status to the credit card. It would have been obvious to one of ordinary skill in the art at the time the invention was made to generate a transaction number for the participant that represents the transfer of points to the credit card that the participant requested.

In addition to that already addressed, Burton does not disclose that the charge for the transaction is actually being offset by the conversion of the points to currency. Burton also does not disclose that the conversion ratio depends on the merchant and one of the date, inventory data, participant status, or method of facilitating the transaction.

Concerning the offsetting of a previously executed transaction, the examiner notes that the awards points in Burton are converted to a monetary amount that is given to the customer to spend on an expected future purchase. They are awarding the customer with money. The background of the invention section in Burton also discloses that "*In some cases the points are converted to a direct cash payment to the participant at either the culmination of the period or the program.*". This teaches that it is known in the art to provide a cash payment to the participant. In both Burton and this other prior art technique, the purpose is the same, namely, to provide an incentive for the participant and to provide them with a monetary award. In Burton, as has been argued by applicant, the points are apparently credited to the financial account prior to the charge actually occurring. Applicant is claiming that instead of crediting the account prior to the purchase of the expected item, the credit is happening after the purchase of the expected item. This all comes down to the timing of when the crediting of the account step occurs. Applicant is claiming that it is novel to credit the account after the purchase is made instead of doing what Burton does, which is credit the account prior to the expected purchase. Both methods result in the same thing, which is the crediting of a financial account with the currency value, and both ways allow a participant to make a desired purchase. In view of the fact that Burton is providing the participant with a monetary award in the form of a currency value that is deposited to an account, in view of the fact that Burton discloses that points can be stored up and used to pay for a specific item or purchase, and in view of the fact that it is known in the art to provide a monetary award in the form of a cash payment to the participant (that they can do

whatever they want with, including paying a credit card bill), one of ordinary skill in the art at the time the invention was made would have found it obvious to apply the currency value credit to the financial account of the participant for the purpose of allowing them to offset a previous charge. This is simply allowing the participant to credit the currency value to any outstanding balance on their account (i.e. a previous charge). In the prior art you are giving a monetary award to the participant, this can be done by the method of Burton (credit before the actual purchase) or can be done by cash payment directly to the participant (cash can be used for anything, including paying a credit card bill). Both have the intent of giving the money to the participant so they can spend it. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow the currency value of Burton to be credited to the financial account to offset a previous charge, so that the participant can purchase the item they desire before using their points instead of having to wait to have the currency value credited first. One of ordinary skill in the art would have recognized or contemplated the fact that the currency value credit could also be made to the account of the participant, i.e. applying the credit to any outstanding balances. The small difference of applying the credit for an expected future charge versus applying the credit to offset a just executed charge is seen as obvious. The credit must go somewhere. One of ordinary skill in the art would have found it obvious to apply the credit to the account of the participant as applicant has claimed.

With respect to the conversion ratio being dependent on the merchant and the other recited data, this is not taught. Adams discloses a customer rewards system that

awards points to customer. A conversion ratio is used to determine how much money the points are worth. In column 2, lines 11-28 it is disclosed that it is known to alter conversion ratios to encourage purchases at various shops or during various seasons (dates). It is known in the art to provide different conversion ratios as is being claimed, where the conversion ratio depends on the merchant (to encourage purchases at various shops), and a date (seasonal encouragement). It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow for varying conversion ratios depending on where the transaction is taking placed and dependent on the date of the transaction (seasonal time). When one decides to save their points up for a purchase at a particular store, there may be more points associated with that purchase at that particular store (the points are worth more at that store, such as earning double points) as well as more points for the time of the purchase (seasonal encouragement). The conversion of the points to currency does not occur without the confirmation from the customer themselves.

5. Claims 13-18,20-23,29-32,36,38-41, are rejected under 35 U.S.C. 103(a) as being unpatentable over Burton et al. (5025372) in view of Storey (5774870) and further in view of Adams et al. (7025674). Burton discloses the invention substantially as claimed.

For claims 13,20,23,29,36,38-41, not disclosed is the claimed "integrating a computerized shopping network" (the third party shopping network) that can facilitate a transaction between the participant and a merchant. Burton discloses that there are

merchants that conduct transactions with the participant, but Burton calls them "clients" instead of merchants. In the Field of the Invention portion of Burton, it is disclosed that some prior art loyalty award programs offer merchandise or vacation trips as the earned rewards. Burton states that these types of programs suffer from various disadvantages, one disadvantage being that they must either maintain a warehouse of inventory (to store the earned merchandise) or must rely on another outside merchant to provide the earned merchandise (which may result in shipping errors), see columns 1-4. Burton discloses that the above-mentioned types of reward programs would benefit by his method of allowing the participant to earn loyalty points, convert the points to a currency value, and then credit the currency value to the financial credit card account of the award program participant.

Storey discloses an online computerized shopping website (network) where products can be purchased by members of a reward program (participants) and loyalty points (commensurate with the definition in the instant specification on page 8, lines 20-25) can be earned. Storey is an example of a reward program that offers merchandise as an earned reward (loyalty points), and is the same type of loyalty program that could benefit from the method of Burton, as is discussed by Burton. In Storey the participant earns points just like in the method of Burton and when enough points are earned, the points can be converted to a monetary amount and can be used to affect the purchase of merchandise from an "award catalog" (Column 2, lines 16-27 of Storey). It would have been obvious to one of ordinary skill in the art at the time the invention was made to integrate the method and system of Burton for use with the "computerized shopping

network" that is disclosed by Storey, so that participants of the loyalty program of Burton could obtain earn points while purchasing merchandise online. The 103 rejection that the examiner is setting forth is resulting in the reward system of Burton being used in the online shopping system of Storey, where the reward that is offered is points, that are converted to a currency value and credited to the participants credit card account, which will effectively offset a charge that is made to the credit card for merchandise. The resulting reward program will not require the earned reward points to be used only for the obtaining of reward merchandise from the "award catalog", but would result in the crediting of the credit card account with the currency value.

For claims 23,38:

Burton does not disclose that the charge for the transaction is actually being offset by the conversion of the points to currency. Burton also does not disclose that the conversion ratio depends on the merchant and one of the date, inventory data, participant status, or method of facilitating the transaction.

Concerning the offsetting of a previously executed transaction, the examiner notes that the awards points in Burton are converted to a monetary amount that is given to the customer to spend on an expected future purchase. They are awarding the customer with money. The background of the invention section in Burton also discloses that "*In some cases the points are converted to a direct cash payment to the participant at either the culmination of the period or the program.*" This teaches that it is known in the art to provide a cash payment to the participant. In both Burton and this other prior art technique, the purpose is the same, namely, to provide an incentive for the

participant and to provide them with a monetary award. In Burton, as has been argued by applicant, the points are apparently credited to the financial account prior to the charge actually occurring. Applicant is claiming that instead of crediting the account prior to the purchase of the expected item, the credit is happening after the purchase of the expected item. This all comes down to the timing of when the crediting of the account step occurs. Applicant is claiming that it is novel to credit the account after the purchase is made instead of doing what Burton does, which is credit the account prior to the expected purchase. Both methods result in the same thing, which is the crediting of a financial account with the currency value, and both ways allow a participant to make a desired purchase. In view of the fact that Burton is providing the participant with a monetary award in the form of a currency value that is deposited to an account, in view of the fact that Burton discloses that points can be stored up and used to pay for a specific item or purchase, and in view of the fact that it is known in the art to provide a monetary award in the form of a cash payment to the participant (that they can do whatever they want with, including paying a credit card bill), one of ordinary skill in the art at the time the invention was made would have found it obvious to apply the currency value credit to the financial account of the participant for the purpose of allowing them to offset a previous charge. This is simply allowing the participant to credit the currency value to any outstanding balance on their account (i.e. a previous charge). In the prior art you are giving a monetary award to the participant, this can be done by the method of Burton (credit before the actual purchase) or can be done by cash payment directly to the participant (cash can be used for anything, including

paying a credit card bill). Both have the intent of giving the money to the participant so they can spend it. It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow the currency value of Burton to be credited to the financial account to offset a previous charge, so that the participant can purchase the item they desire before using their points instead of having to wait to have the currency value credited first. One of ordinary skill in the art would have recognized or contemplated the fact that the currency value credit could also be made to the account of the participant, i.e. applying the credit to any outstanding balances. The small difference of applying the credit for an expected future charge versus applying the credit to offset a just executed charge is seen as obvious. The credit must go somewhere. One of ordinary skill in the art would have found it obvious to apply the credit to the account of the participant as applicant has claimed.

With respect to the conversion ratio being dependent on the merchant and the other recited data, this is not taught. Adams discloses a customer rewards system that awards points to customer. A conversion ratio is used to determine how much money the points are worth. In column 2, lines 11-28 it is disclosed that it is known to alter conversion ratios to encourage purchases at various shops or during various seasons (dates). It is known in the art to provide different conversion ratios as is being claimed, where the conversion ratio depends on the merchant (to encourage purchases at various shops), and a date (seasonal encouragement). It would have been obvious to one of ordinary skill in the art at the time the invention was made to allow for varying conversion ratios depending on where the transaction is taking placed and dependent

on the date of the transaction (seasonal time). When one decides to save their points up for a purchase at a particular store, there may be more points associated with that purchase at that particular store (the points are worth more at that store, such as earning double points) as well as more points for the time of the purchase (seasonal encouragement). The conversion of the points to currency does not occur without the confirmation from the customer themselves.

For claims 29-31, in addition to that immediately above, the combination of the references results in the participant being allowed to use their loyalty points whenever they want to when they are shopping online. Because Storey discloses that the participant can check to see if they have enough earned points to obtain an item of merchandise that the merchant sells (see column 5, lines 64-column 6, line 6), and in view of the fact that Burton discloses that a participant can have earned points withheld to save the points for a future purchase, one of ordinary skill in the art at the time the invention was made would have found it obvious to provide the resulting system with the ability to allow the participant to check and see if they points they have earned are enough to offset the purchase of a particular item of merchandise online from a merchant. This requires the transaction details (the purchase amount) to be compared to the loyalty account information to determine if the points are sufficient to offset the purchase of an item of merchandise. If yes, the participant can have the points converted to a currency value, have that value credited to their credit card account, and use the credit card account to purchase the merchandise.

For claims 14-17, when a transaction is conducted between a merchant and a participant, the transaction details are received as claimed. The transaction details (including amounts) are received by the computer system that stores the participant information so that any earned points can be calculated based on the purchases of the participant. When the participant is using their bank issued credit card to conduct the transaction, the participant will necessarily have to provide "information relating to said financial transaction account" as claimed, such as a credit card number so that the correct credit card account can be charged for the amount of the transaction. In Burton the participant can elect to use points to pay for a transaction in total, can elect to use points to partially pay for a transaction, or can just use the credit card to conduct the transaction.

For claim 18, Burton discloses that reports are made regarding the transactions that are posted to the financial account of the participant. This is the same as a credit card billing statement that is well known in the art (the monthly credit card statements). The credit card statements will reflect any charges made to the account and also will reflect any credits to the account. This satisfies what is claimed.

For claims 21,22, when the system and method of Burton is combined with Storey as was done for claim 20, this also satisfies what is claimed in claim 21. This is because Storey offers products for sale to participants, provides the participants an option to use loyalty points by using the bank issued credit card that the loyalty account is associated with, and when the transaction is conducted the transaction details will be sent to the middleware as claimed.

For claim 32, it is well known that people buy gifts for themselves and for others (birthday, Christmas, wedding, etc.) so when a user buys a product using the debit card, that product is considered a gift. The product can be a gift for someone else or themselves. Also, the term "gift" is just the intended use of the product and in the opinion of the examiner does not serve to further distinguish any product from other products. All products are capable of being considered gifts.

6. Applicant's arguments filed 8/10/07 have been fully considered but they are not persuasive.

Applicant has argued that the invention enables a cardholder to use a line of credit. No such language appears on the claims. This argument is not commensurate with the scope of the claimed invention. Applicant has argued that in Burton an authorization is not done for the full purchase amount. The examiner disagrees. This all depends on how many points you have and if you have saved up enough points for a purchase in full. Especially taking into account the 103 rejection of record where the examiner has addressed the issue of converting and crediting the points after the purchase has been made, the argument is not persuasive. In this situation as set forth by the examiner the entire purchase is authorized in advance. Applicant has argued that the cardholder has no decision as to when the points are converted and has argued that the employer does this act. The examiner disagrees. When points are being withheld at the request of the cardholder, they are not credited until the cardholder requests them to be credited. In this situation the points are not converted until the

cardholder instructs them to be credited. Burton discloses this feature as set forth in the rejection of record. The argument is not persuasive. The argument concerning the conversion ratio is noted but is considered to be moot based on the new grounds of rejection.

7. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dennis Ruhl whose telephone number is 571-272-6808. The examiner can normally be reached on Monday through Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on 571-272-6812. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.



DENNIS RUHL
PRIMARY EXAMINER